



Analyst Meeting – First Half Ended 30 June 2021 (1H 2021)

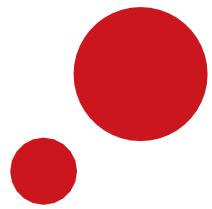
13 August 2021





Disclaimer

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S/N	Acronyms	Definitions
1	COCO	Company-Owned-Company-Operated preschool centres
2	FOFO	Franchisee-Owned-Franchisee-Operated preschool centres
3	N.M.	Not meaningful





Non-Financial and Financial Highlights

Presented by Mr. Teo Wee Jone
Chief Financial Officer



Stayed Resilient in 1H 2021 Despite Ongoing COVID-19 Pandemic And Focus on the Strategy in 2H 2021

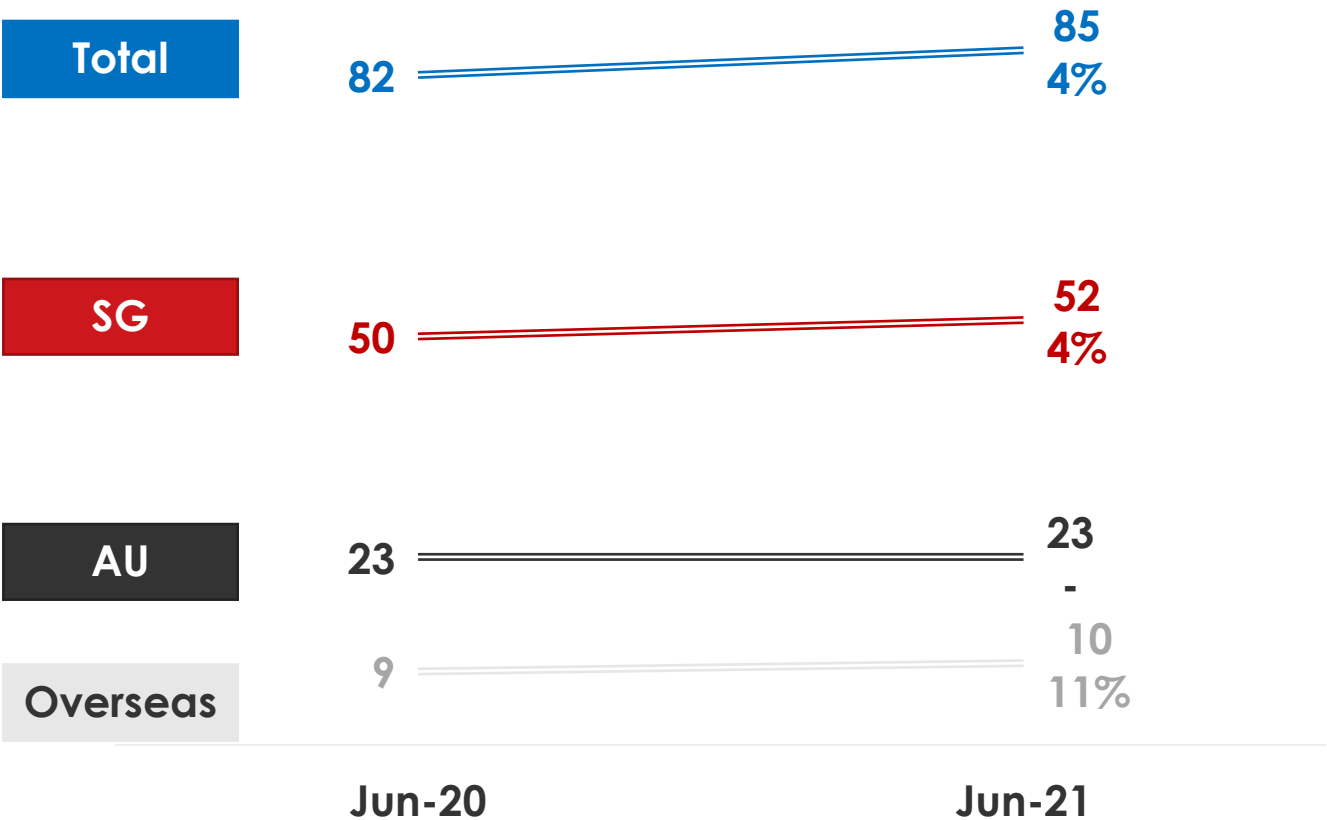
Strategy

Staying resilient throughout
COVID-19
Pandemic

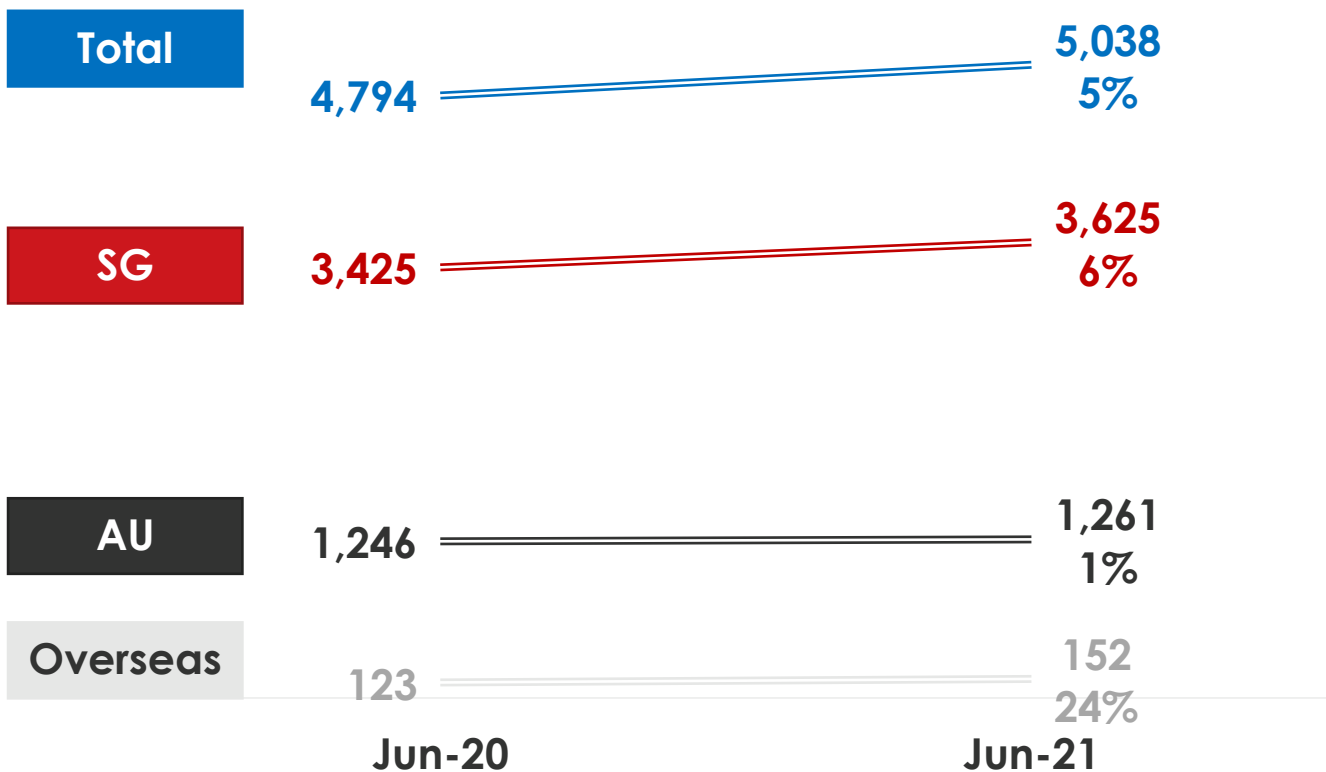
Maximising student enrolment for
COCOs and FOFOs in Australia
and Singapore

Growing the Australia &
International
franchise segment

YEAR-ON-YEAR CENTRE GROWTH



YEAR-ON-YEAR PRESCHOOL STUDENT GROWTH





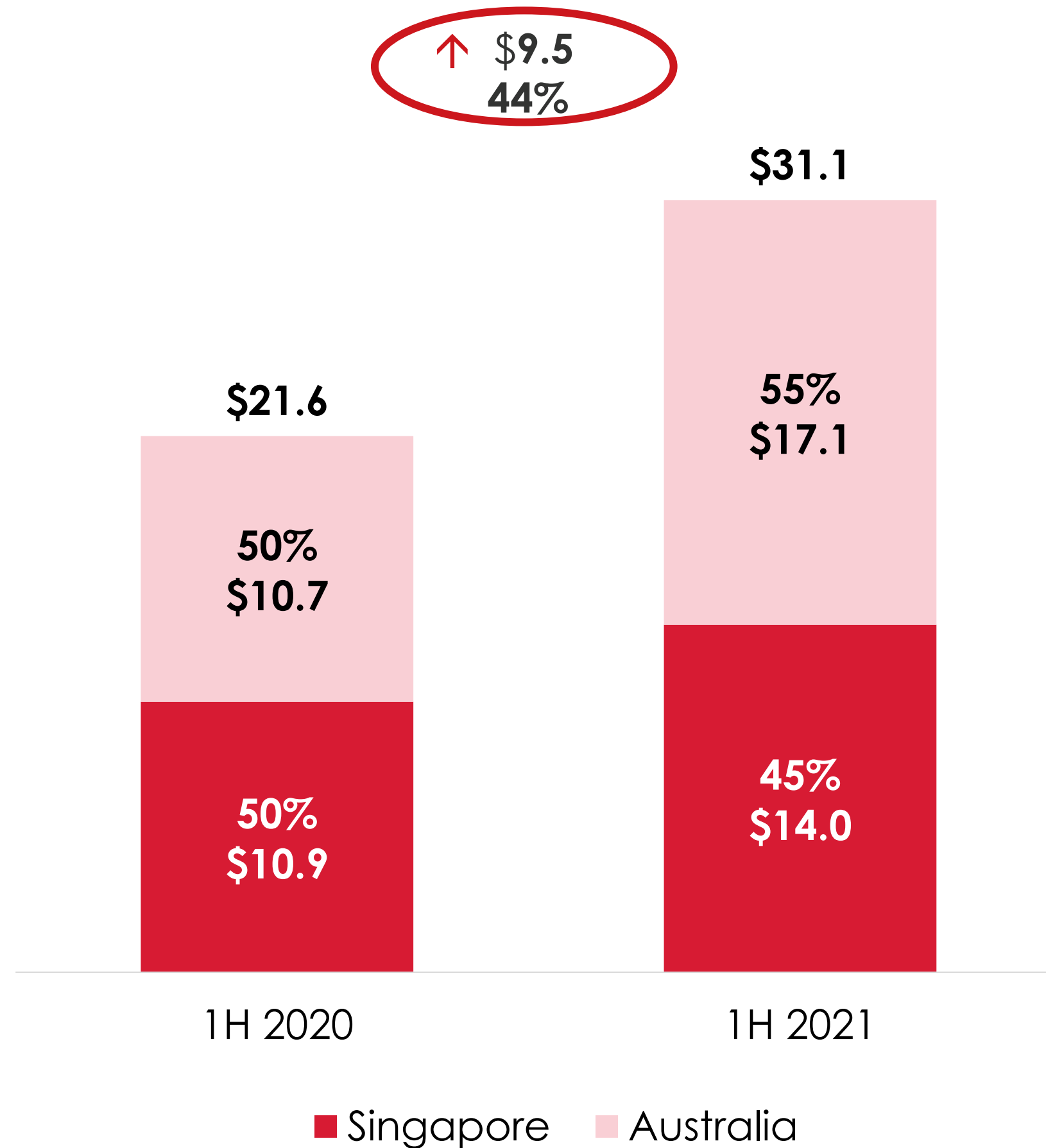
Group's 1H 2021 Financial Performance: Profitable Despite Ongoing COVID 19 Pandemic

1H Financial Highlights

	1H 2020		1H 2021
Revenue	21,596	↑ 44%	31,143
Cost of Sales	(14,068)	↑ 16%	(16,271)
Gross Profit	7,528	↑ 98%	14,872
Other Income	8,361	↓ 76%	2,006
Expenses	(15,085)	↑ 9%	(16,418)
Other gains/(losses)	175	↓ N.M.	(74)
Profit before Tax	979	↓ 61%	386
Profit after Tax	765	↓ 58%	325

Revenue Trend, Australia is Main Contributor (\$Mil)

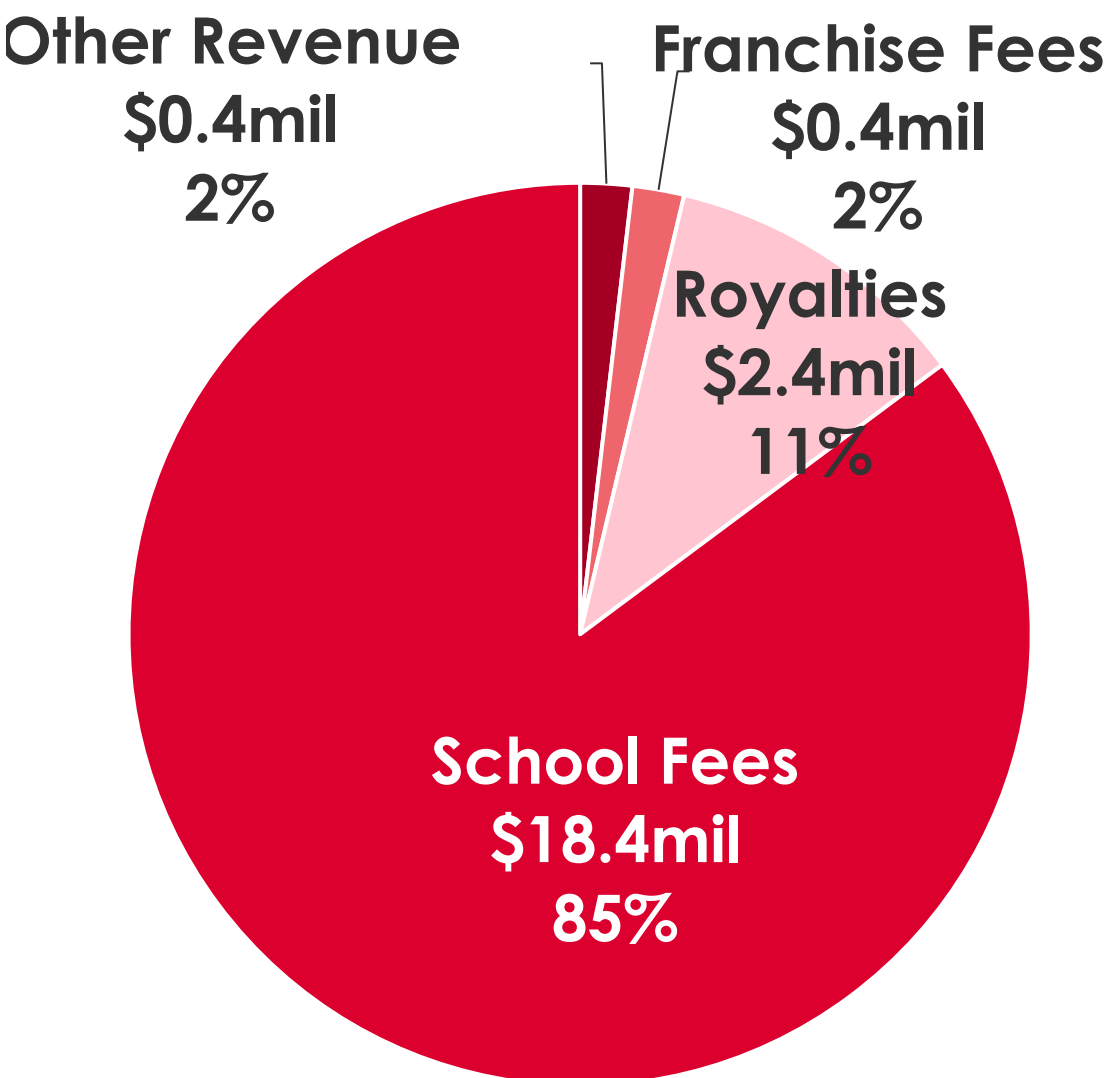
Total Revenue



Revenue – Services Mix, School Fees is Main Contributor (\$Mil)

**1H 2020
Actual**

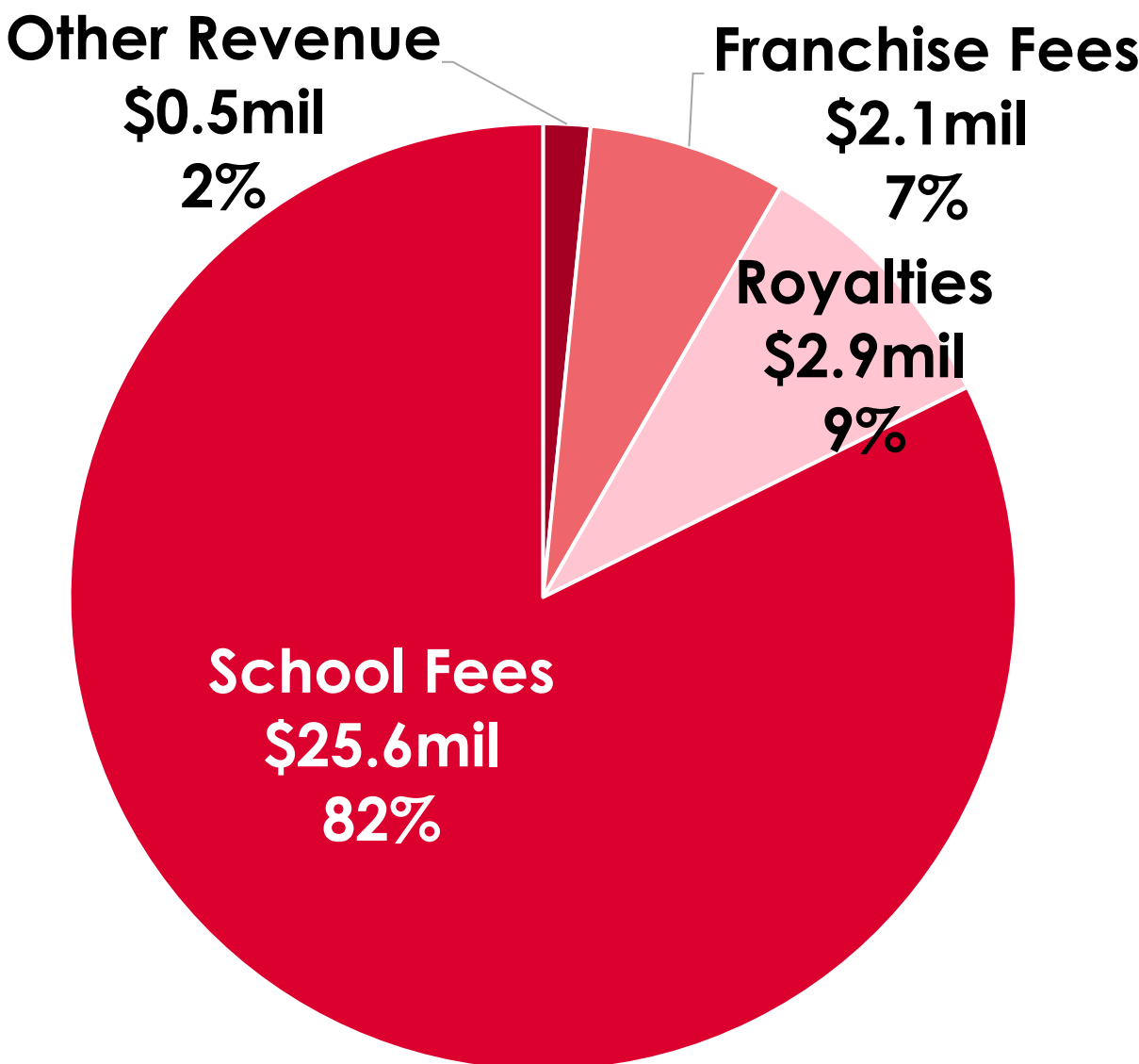
Total: \$21.6



- Other Revenue
- Franchise Fees
- Royalties
- School Fees

**1H 2021
Actual**

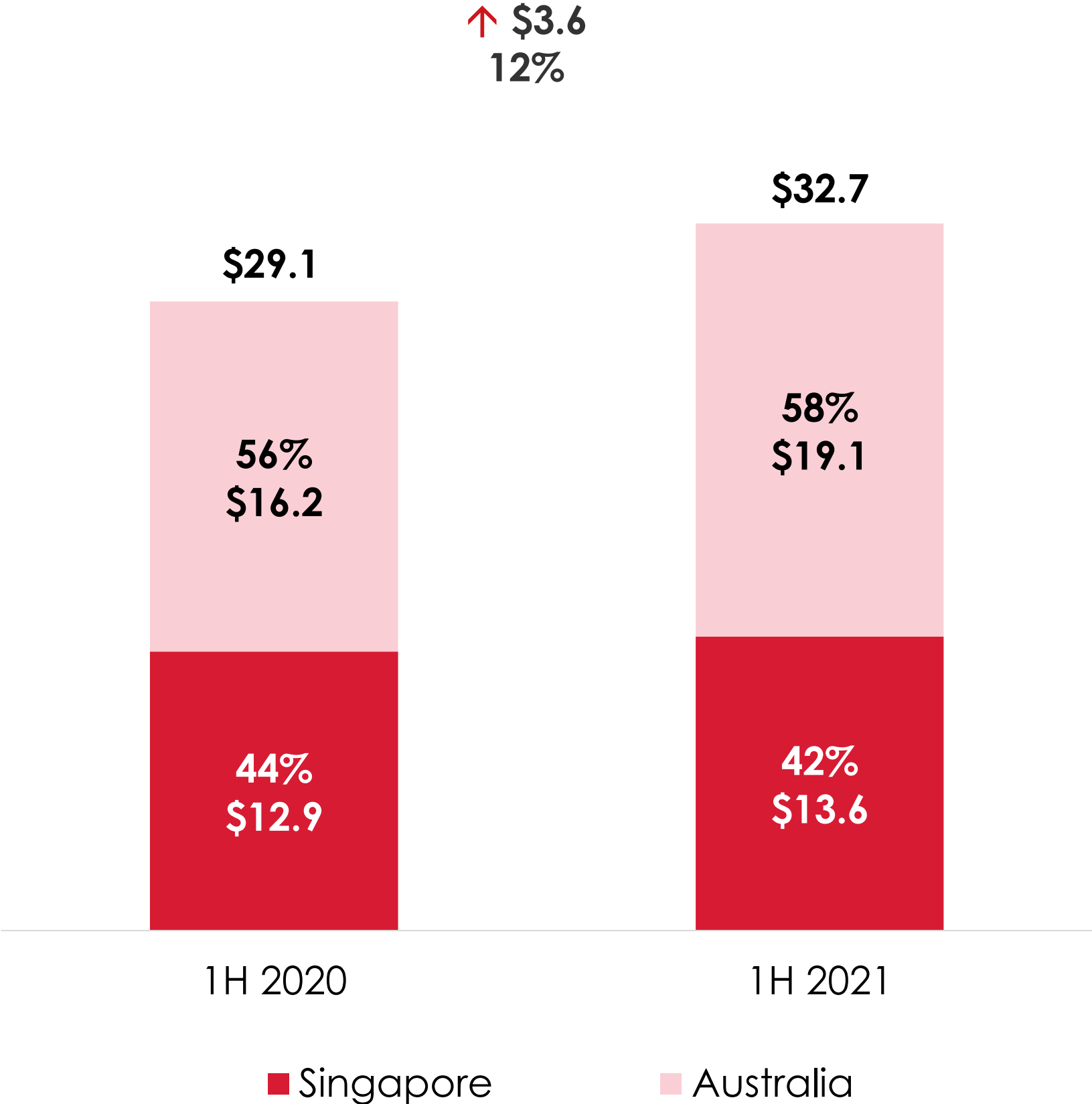
Total: \$31.1



- Other Revenue
- Franchise Fees
- Royalties
- School Fees

Total Cost Trend, Australia is Main Contributor (\$Mil)

Total Costs

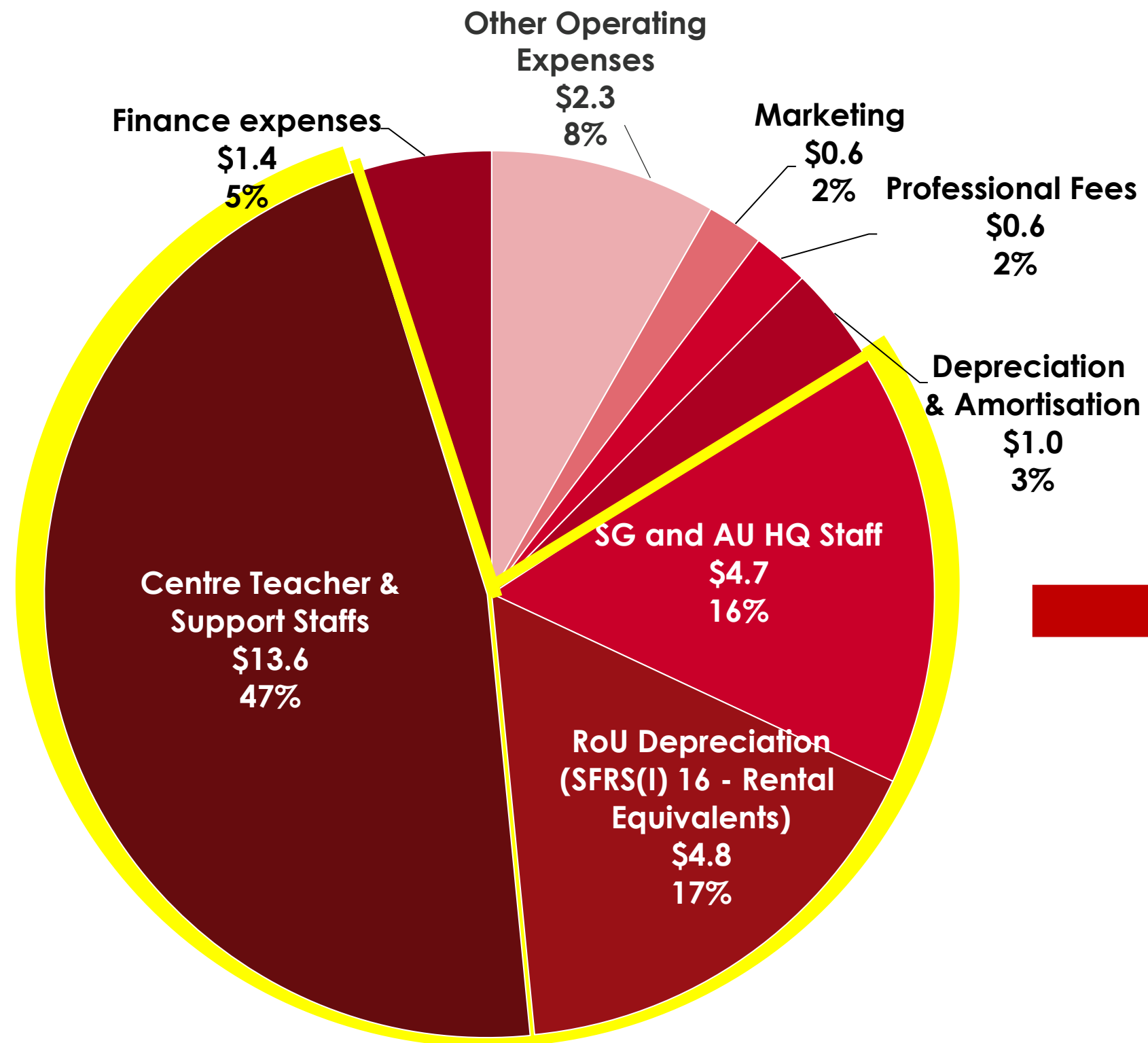


Teacher's Cost & Rental are Main Cost Drivers

Corporate Staff Headcount & Cost Reduced Y-o-Y (\$\$'Mil)

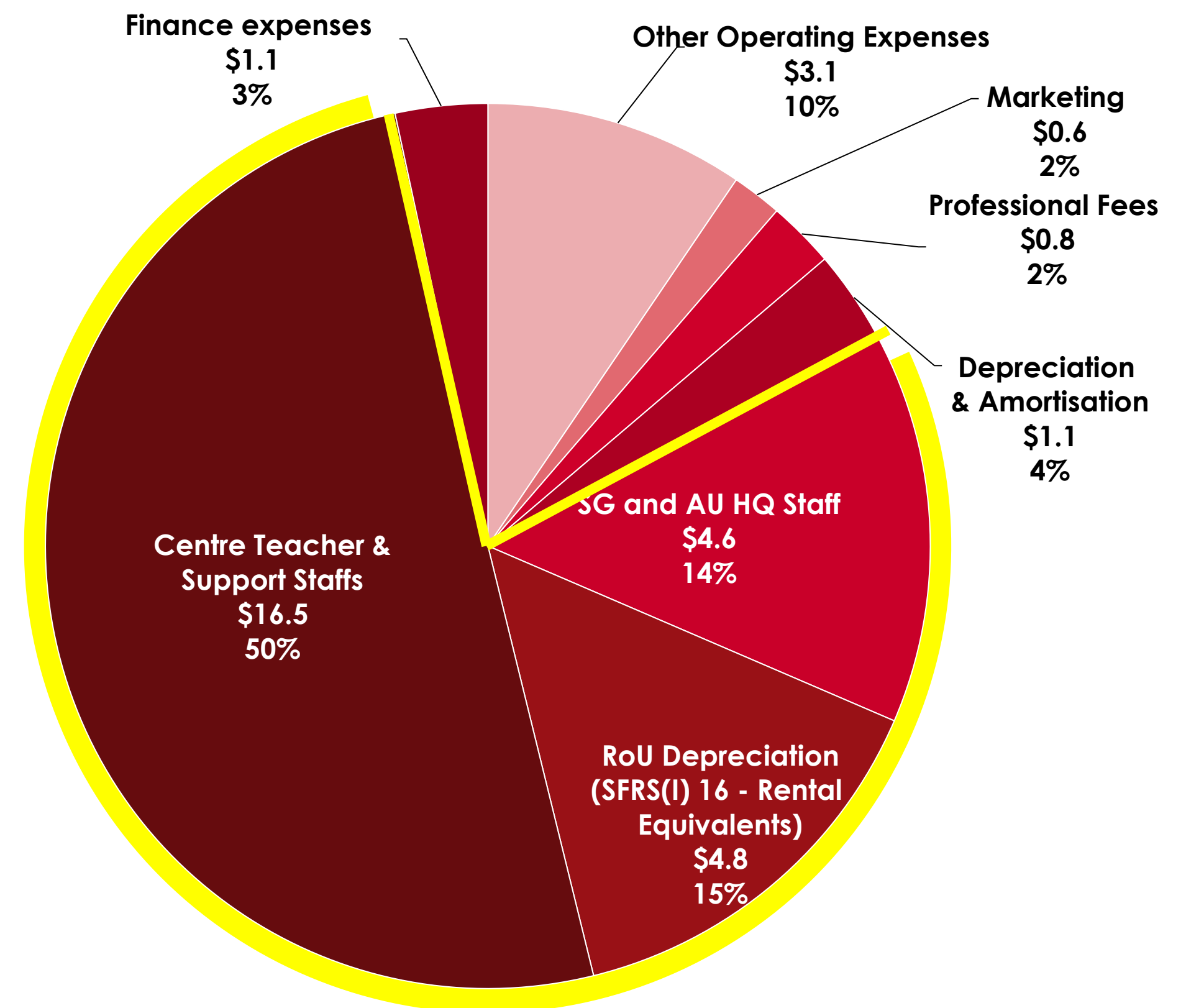
1H 2020

Total: \$29.1



1H 2021

Total: \$32.7



Consolidated P&L

(1H 2021 vs 1H 2020)

(S\$'000)	1H 2021	1H 2020	Variance	Variance %
Revenue	31,143	21,596	9,547	44%
Cost of Sales	(16,271)	(14,068)	(2,203)	16%
Gross Profit	14,872	7,528	7,344	98%
<i>GP Margin</i>	<i>48%</i>	<i>35%</i>		<i>13%</i>
Other Income	2,006	8,361	(6,355)	(76%)
Forex Translation (Loss)/ Gain	(20)	188	(208)	(N.M.)
Expenses	(16,709)	(14,984)	(1,725)	12%
Gain on corporate transactions	258	-	258	N.M.
Share of Losses from Associates and Joint Ventures	(21)	(114)	93	(82%)
Profit Before Taxation	386	979	(593)	(61%)
<i>PBT Margin</i>	<i>1%</i>	<i>5%</i>		<i>(4%)</i>
Income Tax Expense	(60)	(214)	154	72%
Profit After Tax	326	765	(439)	(57%)
<i>PAT Margin</i>	<i>1%</i>	<i>4%</i>		<i>(3%)</i>

Highlights:

- During the COVID-19 pandemic, supported by government subsidies, the Group was required to offset certain percentage of school fees that resulted in revenue loss. The net gain experienced by the Group that resulted from these COVID-19 related measures in 1H 2020 was \$1.3 million (\$7.0 million government subsidies less \$5.7 million mandated revenue loss). Excluding this positive impact of \$1.3 million, 1H 2020 results would have been a loss before tax of \$0.3 million. In 1H 2021, with no mandated reduction in school fees revenue, profit before tax is \$0.4 million, an improvement of \$0.7 million in operational earnings year on year.
- Excluding the COVID-19 mandated revenue loss, revenue would have increased by 14% which was mainly attributable to :
 - ✓ the increase in franchise income from the sales of master franchise license in 1H 2021; and
 - ✓ the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 1H 2021
- Cost of sales and expenses increased by 16% and 12% respectively, was attributable to the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 1H 2021.
- Other income decreased by approximately \$6.4 million, from \$8.4 million in 1H 2020 to \$2.0 million in 1H 2021. The decrease was mainly attributable to reduced COVID-19 relief support packages extended to the Group's operations in 1H 2021

Consolidated Balance Sheet

(S\$'000)	As at 30.06.21	As at 31.12.20	Variance	Variance (%)
Current Assets	28,438	28,792	(354)	(1%)
Non-Current Assets	126,486	131,046	(4,560)	(3%)
Total Assets	154,924	159,838	(4,914)	(3%)
Current Liabilities	32,506	32,297	209	1%
Non-Current Liabilities	50,177	55,546	(5,369)	(10%)
Total Liabilities	82,683	87,843	(5,160)	(6%)
Net Assets	72,241	71,995	246	N.M.
Capital and Reserves Attributable to Equity Holders of the Company	71,650	71,924	(274)	N.M.
Non-Controlling Interests	591	71	520	N.M.
Total Equity	72,241	71,995	246	N.M.

Highlights:

- Decrease in total assets of \$4.9 mil was mainly attributable to:
 - ✓ The decrease in property, plant and equipment of approximately \$4.9 million mainly attributable to depreciation of right-of-use assets relating to leases held by the Group
- Decrease in total liabilities of \$5.2 mil was mainly attributable to the following:
 - ✓ the decrease in non-current lease liabilities of approximately \$3.8 million mainly attributable to the lease payments made by the Group;
 - ✓ the decrease in non-current borrowings of approximately \$1.8 million which resulted from the net movements of repayments of existing borrowings; and offset by
 - ✓ the increase in contract liabilities of \$0.2 million pertains to the discounting effect applied on the non-current trade receivables with the settlement date agreed at more than 12 months from the current reporting date.

Consolidated Statement of Cash Flows

(1H 2021 vs 1H 2020)

(S\$'000)	1H 2021	1H 2020
Net Cash Provided by Operating Activities	4,342	4,832
Net Cash Provided by/ (Used in) Investing Activities	(93)	3,589
Net Cash (Used in) / Provided by Financing Activities	(10,290)	(8,448)
Net Decrease in Cash and Cash Equivalents	(6,041)	(27)
Cash and Cash Equivalents at Beginning of Financial Period	11,335	5,762
Effects of Currency Translation on Cash and Cash Equivalents	4	92
Cash and Cash Equivalents at End of Financial Period	5,298	5,827

Highlights:

Major cash inflow during 1H 2021 was:

- net cash provided by operating activities of approximately \$4.3 million.

Major cash outflows during 1H 2021 were:

- repayments of principal element of lease payments in relation to the leasing of preschool centres of approximately \$4.5 million;
- repayments of principal element of borrowings amounting to approximately \$2.8 million;
- bank balance amounting to \$2.0 million transferred to the reserve account in relation to existing borrowings; and
- repayments of interest in relation to existing borrowings and lease payments of \$1.0 million.



Financial Highlights

- Profitable despite ongoing COVID-19 pandemic.
- Net assets maintained at c.\$72mil Y-o-Y.
- 6M net cash provided by operating activities maintained at c.\$4m Y-o-Y.

Operational Highlights

Y-o-Y growth of MindChamps Centres and PreSchool Students despite ongoing pandemic:

- Number of MindChamps centres grew by 4%, from 82 centres (Jun 20) to 85 centres (Jun 21).
- Number of PreSchool students grew by 5%, from 4,794 (Jun 20) to 5,038 (Jun 21).

Future Plans

- Proliferate the Australia Franchise Segment.
- Expansion of Franchise Segment to new international markets.



Thank You!

